

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL OCEAN SERVICE
Office of Ocean and Coastal Resource Management
Silver Spring, Maryland 20910

MEMORANDUM

Date: March 29, 2001

For: Recipients

From: John R. King /s/
Acting Chief, Coastal Programs Division

Subject: Draft Program Administration and Plan Development Guidance for the Coastal Impact Assistance Program

Attached is the draft Program Administration and Plan Development Guidance for the Coastal Impact Assistance Program (CIAP). The National Oceanic and Atmospheric Administration (NOAA) announced the availability of the draft guidance in the Federal Register on March 29, 2001. We are soliciting comments on the draft guidance until Monday, April 16, 2001.

The draft guidance includes information on developing CIAP funding allocations; plan development, certification, review, and approval; authorized uses of funds; disbursement of funds; and NOAA's responsibilities to comply with the National Environmental Policy Act and other federal statutes.

On March 2, 2001, NOAA sent a preliminary version of the draft guidance to the designated points of contact in the seven states eligible to receive CIAP funding. We did not receive any comments on the preliminary draft. Please review the guidance and direct any comments or questions to me at (301) 713-3155, extension 188 or john.king@noaa.gov. Please submit your comments by Monday, April 16, 2001. Thank you.

Attachment

Coastal Impact Assistance Program Draft Program Administration and Plan Development Guidance

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I INTRODUCTION

The fiscal year 2001 appropriations act for the Departments of Commerce, Justice, and State created the Coastal Impact Assistance Program (CIAP) by amending the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.). The statutory language can be found in Appendix C. The CIAP recognizes that impacts from Outer Continental Shelf (OCS) oil and gas activities fall disproportionately on the coastal states and localities nearest to where the activities occur, and where the associated facilities are located. The CIAP legislation appropriates money to the Secretary of Commerce who will disburse it to eligible states and coastal political subdivisions, and requires the states to submit Coastal Impact Assistance Plans detailing how the funds will be expended. This guidance provides information necessary for eligible states and coastal political subdivisions to participate in the CIAP.

Alabama, Alaska, California, Florida, Louisiana, Mississippi, and Texas are the seven eligible states.¹ Counties, parishes, or equivalent units of government within those states lying all or in part within the coastal zone as defined by section 304(1) of the Coastal Zone Management Act of 1972, as amended (CZMA), are the coastal political subdivisions eligible for CIAP funding (§31(a)(1)), a total of approximately 150 local jurisdictions. A preliminary list is attached as Appendix A.

States must develop CIAP plans and submit them to the National Oceanic and Atmospheric Administration (NOAA) by July 1, 2001, and NOAA has 90 days from receipt to complete review (§31(d)(1), (3)). If a state has not submitted a plan by July 1, 2001, NOAA will hold the funds in escrow provided that the state is making a good faith effort to develop and submit its CIAP plan (§31(c)(4)). Since July 1, 2001, falls on a Sunday, NOAA will accept the plans on July 2, 2001. NOAA must approve the plan before disbursing any funds (§31(d)(2)).

II FUNDING ALLOCATIONS

The total fiscal year 2001 appropriation is \$149,670,000.² Congress authorized and appropriated funds for the CIAP for fiscal year 2001 only. NOAA may utilize no more than five percent of the available funding to cover some of the costs of program administration. These costs include legal and program work for developing and implementing the program; financial assistance expertise to ensure prompt delivery of funds; technical assistance to address other statutory requirements such as the National Environmental Policy Act (NEPA), Endangered Species Act (ESA), the Essential Fish Habitat provisions of the Sustainable Fisheries Act, Coastal Barrier Resources Act, National Historic Preservation Act, Americans with Disabilities Act, and others; technical needs for funding formula development; and other costs such as printing and public notices. Until the state plans have been submitted, it is difficult to predict the costs of complying with NEPA, ESA, and other federal authorities. If less than five percent is required for program

¹ “Producing Coastal States” are eligible to receive CIAP funds, defined in §31(a)(7) as those states “with a coastal seaward boundary within 200 miles from the geographic center of a leased tract other than a leased tract within any area of the Outer Continental Shelf where a moratorium on new leasing was in effect as of January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.”

² This is \$150,000,000 less the 0.22% across the board reduction mandated in the appropriations act.

administration, we will look to reallocate the remaining funds to the states and coastal political subdivisions.

The CIAP legislation allocates funds to eligible states and coastal political subdivisions according to a formula based on revenues from OCS leases, shoreline mileage and population of coastal political subdivisions, and distance from coastal political subdivisions to the OCS leased tracts. NOAA is working with the Department of Interior, Minerals Management Service to calculate the funding allocation for each state and coastal political subdivision. The allocations will be determined by April 16, 2001. Appendix B lists the data sources used in developing the state and local allocations.

III DEVELOPING THE COASTAL IMPACT ASSISTANCE PLAN

Each Governor must designate a state agency to develop the Coastal Impact Assistance Plan. Coastal political subdivisions must supply a point of contact to the Governor's designated agency and a description of how they will expend their allotted funds. The local projects will be incorporated into the state plan and the Governor must certify that the uses of funds by the coastal political subdivisions are consistent with the authorized uses of funds specified in §31(e) (§31(d)(2)(C)). Federal funds appropriated to the states under sections 306 or 309 of the CZMA may be used to develop the plan.

A. Public Participation

The CIAP legislation requires local input and public participation in the development of the plan (§31(d)(1)). The public involvement process does not necessarily require formal public hearings. Public review may occur through a variety of means, e.g., advisory committees, Commission meetings, or informal public workshops. At a minimum, states should provide some adequate public notice of plan development, plan availability, and a minimum 30-day public comment period.

States should complete the 30-day public review period prior to July 1, so that the plans may be revised as necessary based on public comments before they are submitted by the statutory deadline. States may submit a draft plan to NOAA at the same time it is made available for public review. This will expedite NOAA's review and approval and allow NOAA to disburse the funds as quickly as possible.

B. Level of Detail

The plan must describe the individual state and local projects in as much detail as available, including budget detail. NOAA realizes, however, that many local projects will not be finalized by the July 1, 2001, due date. Due to the detailed local allocation formula mandated in the CIAP legislation and the need to populate the formula with complete OCS revenue figures through December 2000, exact local allocations may not be generated early enough for many local governments to finalize specific projects in time. In addition, some states may want to spend more time working with local governments to encourage the most beneficial use of funds.

NOAA will approve plans that describe generally how coastal political subdivisions will expend their funds, i.e., by specifying the types of eligible projects they may undertake rather than complete project descriptions. However, NOAA must approve the specific local projects and comply with NEPA, etc., before the funds are disbursed and the projects are undertaken. Before the funds are disbursed, NOAA, the state, and coastal political subdivisions will agree on a mechanism to allow NOAA to review and approve specific local projects after initial plan approval. The mechanism could be a Special Award Condition on the grant, a signed interagency agreement between NOAA and the state, or another mechanism.

C. Project Funding

Only the designated state agency and eligible coastal political subdivisions may include projects to be funded under the plan. However, the designated state agency and coastal political subdivisions may make sub-awards to other state or local agencies, universities, or other entities. The state or a coastal political subdivision may make sub-awards to municipalities within the coastal zone or coastal watershed for authorized projects. All projects do not need to be undertaken solely within the state's coastal zone; for example, the state or a coastal political subdivision may fund a watershed management plan that includes areas beyond the state's coastal zone. Coastal political subdivisions may combine their allocations to fund larger, mutually beneficial projects, or a state may choose to contribute some of its funding to a coastal political subdivision to allow that locality to fund a larger project. A coastal political subdivision may not receive less than its authorized allocation, however, unless the Governor or NOAA finds that its proposed uses of funds are inconsistent with the CIAP legislation, or the coastal political subdivision chooses to give up some or all of its allotted funds (see section D. Governor's Certification below).

D. Governor's Certification

Each coastal political subdivision must supply a point of contact and description of how it will expend its allotted funds. The coastal political subdivision must supply this information to the Governor, for the Governor to include in the plan. The Governor must certify that the uses of funds for local projects are consistent with the uses specified in the CIAP legislation (§31(d)(2)(C)). However, the Governor may not direct local funds toward or away from any authorized uses, with the exception of the limitation on infrastructure and other public service needs discussed in section IV of this document. If the Governor or NOAA find that uses of funds proposed by some coastal political subdivisions are inconsistent with the CIAP legislation, and the subdivisions are not making a good faith effort to revise the uses of their funds, or if some coastal political subdivisions choose not to participate in the CIAP, NOAA will allocate those funds to the remaining coastal political subdivisions in the state.

E. Plan Outline

To expedite disbursement of funds, NOAA recommends that the plan be written and submitted in sufficient detail to serve as a grant application. The CIAP legislation includes five elements

that must be included in the plan, detailed in §31(d)(2)(A)-(E). To ensure the required elements are included in the plan, NOAA recommends the following outline:

1. Certification

The Governor must submit the plan to NOAA for review and approval (§31(d)(1)). The CIAP legislation states that the Governor must: designate a state agency that will represent the state for purposes of this program (§31(d)(2)(A)); certify that local uses of funds are consistent with the legislation (§31(d)(2)(C)); and certify that ample opportunity has been accorded for public participation in the development of the plan (§31(d)(2)(D)). The seven governors have already designated agencies to administer the program, or are preparing to do so before submitting the plan, so that does not need to be repeated in the certification. The certification can take the form of a letter from the Governor submitting the plan to NOAA, or an opening statement from the Governor in the plan itself. The plan should be submitted to the Secretary of Commerce.

2. Plan Introduction and Summary

This section should briefly describe what the state hopes to achieve under the plan, how it was developed, and the major activities to be funded under the plan. It should include how the public and coastal political subdivisions were involved in the plan development, the process for selecting state and local projects, and the major categories of funded activities (e.g., infrastructure, habitat restoration, acquisition and construction, etc.).

3. Coordination with Other Federal Resources and Programs

The CIAP legislation requires that plans contain “measures for taking into account other relevant federal resources and programs.” (§31(d)(2)(E)) Examples of other federal resources and programs include: Coastal Zone Management Programs; National Estuarine Research Reserves; National Marine Sanctuaries; National Wildlife Refuges and other preservation areas; restoration programs such as NOAA’s Community-Based Habitat Restoration and Damage Assessment and Restoration Programs; federally funded conservation, development, or transportation projects; and federally mandated activities such as wetlands or endangered species protection. Projects funded under the CIAP should be consistent with other federal programs.

The plan should describe generally how the activities funded under the CIAP take into account other federal programs. This could be done through the public involvement process by ensuring that federal agencies are able to review and comment on the plan, through an existing state clearinghouse process whereby specific funding proposals are brought to the attention of federal and state agencies, or through similar means.

Specific activities funded under the CIAP should be coordinated with federal resources and programs wherever possible. For example, a state or local government could use some CIAP funds to expand or improve an existing restoration project, or acquire habitat

areas needed to protect endangered species, or develop and implement regional restoration plans, or to apply best management practices to reduce nonpoint source pollution from land-based activities.

4. Implementation Program (§31(d)(2)(B))

NOAA anticipates that this section will be the bulk of the plan. It can be organized as a project-by-project accounting of how the funds will be spent. Once the state and coastal political subdivisions select specific projects, the plan should describe them in the following manner: a one to two paragraph abstract plus up to two pages of background/additional detail, if necessary. The overall plan must contain a single budget broken down by object classes, and the total budget for each project must be included. An object class budget for each project is not required. See sections III.B-D of this document for more information on project selection and funding. All projects in the plan must be consistent with the uses of funds specified in the legislation.

IV AUTHORIZED USES OF FUNDS

The legislation identifies several categories of authorized uses of funds (§31(e)). The specific authorized uses of funds are:

1. uses set forth in new section 32(c)(4) of the Outer Continental Shelf Lands Act proposed by the amendment to H.R. 701 of the 106th Congress as reported by the Senate Committee on Energy and Natural Resources. Those uses are:
 - (A) activities which support and are consistent with the Coastal Zone Management Act, including National Estuarine Research Reserve programs, the National Marine Sanctuaries Act, the Magnuson-Stevens Fishery Conservation and Management Act, or the National Estuaries program;
 - (B) conservation, restoration, enhancement or protection of coastal or marine habitats including wetlands, estuaries, coastal barrier islands, coastal fishery resources and coral reefs, including projects to remove abandoned vessels or marine debris that may adversely affect coastal habitats;
 - (C) protection, restoration and enhancement of coastal water quality consistent with the provisions of the Coastal Zone Management Act (16 U.S.C. 1451 et seq.), including the reduction or monitoring of coastal polluted runoff or other coastal contaminants;
 - (D) addressing watershed protection or other coastal or marine conservation needs which cross jurisdictional boundaries;

(E) assessment, research, mapping and monitoring of coastal or marine resources and habitats, including, where appropriate, the establishment and monitoring of marine protected areas;

(F) addressing coastal conservation needs associated with seasonal or otherwise transient fluctuations in coastal populations;

(G) protection and restoration of natural coastline protective features, including control of coastline erosion;

(H) identification, prevention and control of invasive exotic and harmful non-indigenous species;

(I) assistance to local communities to assess, plan for and manage the impacts of growth and development on coastal or marine habitats and natural resources, including coastal community fishery assistance programs that encourage participation in sustainable fisheries; and

(J) projects that promote research, education, training and advisory services in fields related to coastal and Great Lakes living marine resource use and management;

2. projects and activities for the conservation, protection or restoration of wetlands;
3. mitigating damage to fish, wildlife or natural resources, including such activities authorized under subtitle B of title IV of the Oil Pollution Act of 1990 (oil spill removal and contingency planning);
4. planning assistance and administrative costs of complying with the provisions of this section;
5. implementation of Federally approved marine, coastal, or comprehensive conservation management plans; and
6. onshore infrastructure projects and other public service needs intended to mitigate the environmental effects of Outer Continental Shelf activities (up to 23 percent of allocation).

Please note that the CIAP legislation limits funds spent on category six above to 23 percent of the total funds allocated to each state (including the portion allocated to coastal political subdivisions). Thus, each plan may expend up to 23 percent on onshore infrastructure projects and other public service needs, but there is no restriction on whether portions of the state or local allocations, or both, are used for these purposes. The state plan must clearly identify which projects fall into this category and the Governor must ensure that no more than 23 percent of the funds are spent on eligible onshore infrastructure projects and other public service needs. The descriptions of these types of project must include information on how the projects meet the

statutory requirement of mitigating the environmental effects of Outer Continental Shelf activities. Examples of onshore infrastructure projects and other public service needs include constructing, expanding, or improving buildings or other hard structures, including structural wastewater treatment facilities, roads, and port related facilities. Initial planning for these types of projects does not constitute expenditure on infrastructure and other public service needs.

V PLAN REVIEW AND APPROVAL

NOAA has 90 days from receipt of the plan to review it and make an approval decision. NOAA's review will be based on the five program approval criteria specified in the CIAP legislation (§31(d)(2)(A)-(E)). This includes a review of the Governor's certification that all uses of local funds are consistent with the legislation. If NOAA does not approve the plan, NOAA will work with the state to revise it until it can be approved, and hold the funds in escrow until the plan is approved as called for in the CIAP legislation (§31(4)). If the state is not making good faith effort to develop, submit, or update the plan, NOAA may allocate those funds to the remaining states and coastal political subdivisions.

VI COMPLIANCE WITH FEDERAL AUTHORITIES

The approval of CIAP plans and disbursement of funds are federal activities subject to authorities such as the National Environmental Policy Act (NEPA), Endangered Species Act (ESA), the federal consistency provisions of the CZMA, the Essential Fish Habitat provisions of the Sustainable Fisheries Act, Coastal Barrier Resources Act, National Historic Preservation Act, Americans with Disabilities Act, and. As the federal funding agency, NOAA is responsible for complying with these and other relevant authorities before disbursing funds.

NOAA is working to determine the best process for complying with these authorities. NOAA expects to develop, at a minimum, Environmental Assessments for our approval of the seven state CIAP plans. NOAA may ask for the states' assistance in providing information on specific projects to facilitate this task and the disbursing of funds. Such information could include an assessment of the projects' potential impacts on threatened and endangered species and their habitats, coastal resources, and the coastal environment.

NOAA uses a "Section 306A Project Checklist" for construction and land acquisition projects funded under section 306A of the CZMA. The checklist is used to ensure funded projects comply with NEPA, ESA, and other federal programs. We will use a modified checklist as a screening tool for CIAP projects to ascertain which projects require additional NEPA, ESA, or other compliance review beyond the initial Environmental Assessment on the state CIAP plan. NOAA's use of the checklist does not affect the eligibility of any project under the CIAP.

VII DISBURSING THE COASTAL IMPACT ASSISTANCE PROGRAM FUNDS

NOAA is exploring ways to disburse the funds that will minimize the administrative burden for states and coastal political subdivisions. NOAA will likely award a single grant to each state. Each state would then issue sub-awards or contracts to the coastal political subdivisions. In this

scenario, we would view the state as a transfer agent. The coastal political subdivisions would be guaranteed their formula allocation of funds to be spent on their projects that are part of the state plan. We view this as the most efficient mechanism for transferring funds. If NOAA selects a grant as the appropriate funding mechanism, we will request states to submit the required forms with their plan submittal. This will help expedite the delivery of funds once NOAA approves the state CIAP plan.

The CIAP legislation does not have a time limit for expenditure of the funds. However, a NOAA grant to a state would need an end date. NOAA will work with the states to agree on an appropriate time period for the grant. The grant period could be extended, if necessary.

The CIAP legislation allows states or coastal political subdivisions to deposit funds in trust funds dedicated to uses consistent with the legislation (§31(e)). This would allow the funds to be spent over a period of several years, subject to the monitoring requirements of the CIAP legislation (see section VIII of this document).

VIII COMPLIANCE WITH AUTHORIZED USES OF FUNDS

The CIAP legislation states that if NOAA finds that a state or coastal political subdivision has expended funds inconsistent with the specified uses, NOAA will cease disbursing further funds until the funds in question have been repaid or obligated for authorized uses (§31(f)). To ensure all funds are spent on authorized uses, the states will submit semi-annual progress reports to NOAA until all funds have been expended. The report must include all uses of state and local funds. If some or all the funds have been deposited in a trust fund, the trust fund must report semi-annually on the uses of those funds.

Appendix A – Eligible Coastal Political Subdivisions

Coastal Counties and County Equivalents	
Alabama	
Baldwin	Mobile
Alaska	
Aleutians East Borough	North Slope Borough
Municipality of Anchorage	Northwest Arctic Borough
Bristol Bay Borough	City and Borough of Sitka
Haines Borough	City and Borough of Yakutat
City and Borough of Juneau	Aleutians West CRSA
Kenai Peninsula Borough	Bering Straits CRSA
Ketchikan Gateway Borough	Bristol Bay CRSA
Kodiak Island Borough	Cenaliurii CRSA
Lake and Peninsula Borough	
Matanuska-Susitna Borough	
California	
Alameda	San Diego
Contra Costa	San Francisco
Del Norte	San Luis Obispo
Humboldt	San Mateo
Los Angeles	Santa Barbara
Marin	Santa Clara
Mendocino	Santa Cruz
Monterey	Solana
Napa	Sonoma
Orange	Ventura
Louisiana	
Assumption	St. Charles
Calcasieu	St. James
Cameron	St. John the Baptist
Iberia	St. Martin
Jefferson	St. Mary
Lafourche	St. Tammany
Livingston	Tangipahoa
Orleans	Terrebonne
Plaquemines	Vermilion
St. Bernard	
Mississippi	
Hancock	Jackson
Harrison	

Coastal Counties and County Equivalents		
Florida		
	Alachua	Lee
	Baker	Leon
	Bay	Levy
	Bradford	Liberty
	Brevard	Madison
	Broward	Manatee
	Calhoun	Marion
	Charlotte	Martin
	Citrus	Miami-Dade
	Clay	Monroe
	Collier	Nassau
	Columbia	Okaloosa
	DeSoto	Okeechobee
	Dixie	Orange
	Duval	Osceola
	Escambia	Palm Beach
	Flagler	Pasco
	Franklin	Pinellas
	Gadsden	Polk
	Gilchrest	Putnam
	Glades	Santa Rosa
	Gulf	Sarasota
	Hamilton	Seminole
	Hardee	St. Johns
	Hendry	St. Lucie
	Hernando	Suwannee
	Highlands	Sumter
	Hillsborough	Taylor
	Holmes	Union
	Indian River	Volusia
	Jackson	Wakulla
	Jefferson	Walton
	Lafayette	Washington
	Lake	
Texas		
	Aransas	Kenedy
	Brazoria	Kleberg
	Calhoun	Matagorda
	Cameron	Nueces
	Chambers	Orange
	Galveston	Refugio
	Harris	San Patricio
	Jackson	Victoria
	Jefferson	Willacy

Appendix B – Sources of data for Coastal Impact Assistance Program Allocations

The CIAP calls for funds to be allocated to states and coastal political subdivision according to a formula taking into account several factors: revenue from Outer Continental Shelf (OCS) leases; population and length of coastline of coastal political subdivision; and distance from OCS leases to the states and coastal political subdivisions. Several data sets are needed to develop the allocation formula.

NOAA has been working with the Minerals Management Service (MMS) to acquire the data and develop the allocation formulas. The following table describes the sources of data.

State Allocations	
Qualified Outer Continental Shelf Revenues	Minerals Management Service lease records
Coastline Boundary	Minerals Management Service baseline used for the Submerged Lands Act *
Geographic Center of OCS Leased Tract	Minerals Management Service geographic data
Coastal Political Subdivision Allocations	
Population	U.S. Census Bureau – 1990 Census
Coastline Length	Minerals Management Service baseline used for the Submerged Lands Act *
Border of Coastal Political Subdivision	U.S. Census Bureau – 1998 TIGER files*
Geographic Center of OCS Leased Tract	Minerals Management Service geographic data

* In areas where national information is not available, NOAA will work with states to identify the appropriate alternate sources for the needed information.

Appendix C – Statutory Language

SEC. 903. COASTAL IMPACT ASSISTANCE.

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

`SEC. 31. COASTAL IMPACT ASSISTANCE.

`Nothing in this section shall be construed as a permanent authorization.

`(a) DEFINITIONS- When used in this section--

`(1) The term `coastal political subdivision' means a county, parish, or any equivalent subdivision of a Producing Coastal State all or part of which subdivision lies within the coastal zone (as defined in section 304(1) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(1)).

`(2) The term `coastal population' means the population of all political subdivisions, as determined by the most recent official data of the Census Bureau, contained in whole or in part within the designated coastal boundary of a State as defined in a State's coastal zone management program under the Coastal Zone Management Act (16 U.S.C. 1451 et seq.).

`(3) The term `Coastal State' has the same meaning as provided by subsection 304(4) of the Coastal Zone Management Act (16 U.S.C. 1453(4)).

`(4) The term `coastline' has the same meaning as the term `coast line' as defined in subsection 2(c) of the Submerged Lands Act (43 U.S.C. 1301(c)).

`(5) The term `distance' means minimum great circle distance, measured in statute miles.

`(6) The term `leased tract' means a tract maintained under section 6 or leased under section 8 for the purpose of drilling for, developing, and producing oil and natural gas resources.

`(7) The term `Producing Coastal State' means a Coastal State with a coastal seaward boundary within 200 miles from the geographic center of a leased tract other than a leased tract within any area of the Outer Continental Shelf where a moratorium on new leasing was in effect as of January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

`(8) The term `qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract lying seaward of the zone defined and governed by section 8(g) of this Act, or lying within such zone but to which section 8(g) does not apply, the geographic center of which lies within a distance of 200 miles from any part of the coastline of any Coastal State, including bonus bids, rents, royalties (including payments for royalties taken in kind and sold), net profit share payments, and related late payment interest. Such term does not include any revenues from a leased tract or portion of a leased tract that is included within any area of the Outer Continental Shelf where a moratorium on new leasing was in effect as of January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

`(9) The term `Secretary' means Secretary of Commerce.

`(b) AUTHORIZATION- For fiscal year 2001, \$150,000,000 is authorized to be appropriated for the purposes of this section.

`(c) IMPACT ASSISTANCE PAYMENTS TO STATES AND POLITICAL SUBDIVISIONS- The Secretary shall make payments from the amounts available under this section to Producing Coastal States with an approved Coastal Impact Assistance Plan, and to coastal political subdivisions as follows:

`(1) ALLOCATIONS TO PRODUCING COASTAL STATES- In each fiscal year, each Producing Coastal State's allocable share shall be equal to the sum of the following:

`(A) 60 percent of the amounts appropriated shall be equally divided among all Producing Coastal States;

`(B) 40 percent of the amounts appropriated for the purposes of this section shall be divided among Producing Coastal States based on Outer Continental Shelf production, except that of such amounts no Producing Coastal State may receive more than 25 percent in any fiscal year.

`(2) CALCULATION- The amount for each Producing Coastal State under paragraph (1)(B) shall be calculated based on the ratio of qualified OCS revenues generated off the coastline of the Producing Coastal State to the qualified OCS revenues generated off the coastlines of all Producing Coastal States for the period beginning on January 1, 1995 and ending on December 31, 2000. Where there is more than one Producing Coastal State within 200 miles of a leased tract, the amount of each Producing Coastal State's payment under paragraph (1)(B) for such leased tract shall be inversely proportional to the distance between the nearest point on the coastline of such State and the geographic center of each leased tract or portion of the leased tract (to the nearest whole mile) that is within 200 miles of that coastline, as determined by the Secretary. A leased tract or portion of a leased tract shall be excluded if the tract or portion is located in a geographic area where a moratorium on new leasing was in effect on January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

`(3) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS- Thirty-five percent of each Producing Coastal State's allocable share as determined under paragraph (1) shall be paid directly to the coastal political subdivisions by the Secretary based on the following formula, except that a coastal political subdivision in the State of California that has a coastal shoreline, that is not within 200 miles of the geographic center of a leased tract or portion of a leased tract, and in which there is located one or more oil refineries shall be eligible for that portion of the allocation described in paragraph (C) in the same manner as if that political subdivision were located within a distance of 50 miles from the geographic center of the closest leased tract with qualified Outer Continental Shelf revenues:

`(A) 25 percent shall be allocated based on the ratio of such coastal political subdivision's coastal population to the coastal population of all coastal political subdivisions in the Producing Coastal State.

`(B) 25 percent shall be allocated based on the ratio of such coastal political subdivision's coastline miles to the coastline miles of all coastal political subdivisions in the Producing Coastal State.

`(C) 50 percent shall be allocated based on the relative distance of such coastal political subdivision from any leased tract used to calculate that Producing Coastal State's allocation using ratios that are inversely proportional to the distance between the point in the coastal political subdivision closest to the geographic center of each leased tract or portion, as determined by the Secretary. For purposes of the calculations under this subparagraph, a leased tract or portion of a leased tract shall be excluded if the leased tract or portion is located in a geographic area where a moratorium on new leasing was in effect on January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

`(4) FAILURE TO HAVE PLAN APPROVED- Any amount allocated to a Producing Coastal State or coastal political subdivision but not disbursed because of a failure to have an approved Coastal Impact Assistance Plan under this section shall be allocated equally by the Secretary among all other Producing Coastal States in a manner consistent with this subsection except that the Secretary shall hold in escrow such amount until the final resolution

of any appeal regarding the disapproval of a plan submitted under this section. The Secretary may waive the provisions of this paragraph and hold a Producing Coastal State's allocable share in escrow if the Secretary determines that such State is making a good faith effort to develop and submit, or update, a Coastal Impact Assistance Plan.

`(d) COASTAL IMPACT ASSISTANCE PLAN-

`(1) DEVELOPMENT AND SUBMISSION OF STATE PLANS- The Governor of each Producing Coastal State shall prepare, and submit to the Secretary, a Coastal Impact Assistance Plan. The Governor shall solicit local input and shall provide for public participation in the development of the plan. The plan shall be submitted to the Secretary by July 1, 2001. Amounts received by Producing Coastal States and coastal political subdivisions may be used only for the purposes specified in the Producing Coastal State's Coastal Impact Assistance Plan.

`(2) APPROVAL- The Secretary shall approve a plan under paragraph (1) prior to disbursement of amounts under this section. The Secretary shall approve the plan if the Secretary determines that the plan is consistent with the uses set forth in subsection (e) and if the plan contains each of the following:

`(A) The name of the State agency that will have the authority to represent and act for the State in dealing with the Secretary for purposes of this section.

`(B) A program for the implementation of the plan which describes how the amounts provided under this section will be used.

`(C) A contact for each political subdivision and description of how coastal political subdivisions will use amounts provided under this section, including a certification by the Governor that such uses are consistent with the requirements of this section.

`(D) Certification by the Governor that ample opportunity has been accorded for public participation in the development and revision of the plan.

`(E) Measures for taking into account other relevant Federal resources and programs.

`(3) PROCEDURE- The Secretary shall approve or disapprove each plan or amendment within 90 days of its submission.

`(4) AMENDMENT- Any amendment to the plan shall be prepared in accordance with the requirements of this subsection and shall be submitted to the Secretary for approval or disapproval.

`(e) AUTHORIZED USES- Producing Coastal States and coastal political subdivisions shall use amounts provided under this section, including any such amounts deposited in a State or coastal political subdivision administered trust fund dedicated to uses consistent with this subsection, in compliance with Federal and State law and only for one or more of the following purposes:

`(1) uses set forth in new section 32(c)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) proposed by the amendment to H.R. 701 of the 106th Congress as reported by the Senate Committee on Energy and Natural Resources;

`(2) projects and activities for the conservation, protection or restoration of wetlands;

`(3) mitigating damage to fish, wildlife or natural resources, including such activities authorized under subtitle B of title IV of the Oil Pollution Act of 1990 (33 U.S.C. 1321(c), (d));

`(4) planning assistance and administrative costs of complying with the provisions of this section;

`(5) implementation of Federally approved marine, coastal, or comprehensive conservation management plans; and

`(6) mitigating impacts of Outer Continental Shelf activities through funding of (A) onshore infrastructure projects and (B) other public service needs intended to mitigate the environmental effects of Outer Continental Shelf activities: Provided, that funds made available under this paragraph shall not exceed 23 percent of the funds provided under this section.

`(f) COMPLIANCE WITH AUTHORIZED USES- If the Secretary determines that any expenditure made by a Producing Coastal State or coastal political subdivision is not consistent with the uses authorized in subsection (e), the Secretary shall not disburse any further amounts under this section to that Producing Coastal State or coastal political subdivision until the amounts used for the inconsistent expenditure have been repaid or obligated for authorized uses.'